

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Pere Marquette Charter Township	County Mason
Audit Date 12/31/04	Opinion Date 4/7/05	Date Accountant Report Submitted to State: 6/30/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

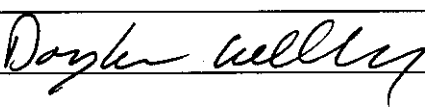
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name) Douglas Wohlberg, CPA			
Street Address PO Box 1013	City Byron Center	State MI	ZIP 49315
Accountant Signature 		Date 6/30/05	

Pere Marquette Charter Township

Mason County, Michigan

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Year Ended December 31, 2004

Pere Marquette Charter Township

Mason County, Michigan

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December 31, 2004

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Pere Marquette Charter Township

Mason County, Michigan

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INDEPENDENT AUDITORS' REPORT

To the Township Board
Pere Marquette Charter Township
Mason County, Michigan

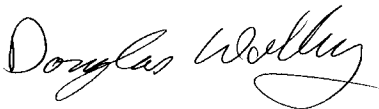
We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Pere Marquette Charter Township as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Pere Marquette Charter Township management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Pere Marquette Charter Township as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pere Marquette Charter Township basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Byron Center, Michigan
April 7, 2005

PERE MARQUETTE CHARTER TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

as of December 31, 2004

Using this annual report

The purpose of this financial report is to help to understand GASB 34, the new reporting model established by the Governmental Auditing Standards Board. Pere Marquette Charter Township first implemented this new reporting standard for the fiscal year ending December 31, 2003.

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. Fund financial statements tell how these services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government wide financial statements.

Following is a summary of the Statement of Net Assets.

	Governmental activities		Business-type activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 4,935,966	\$ 1,884,298	\$ 671,790	\$ 554,725	\$ 5,607,756	\$ 2,439,023
Capital assets	1,783,934	1,830,339	5,612,701	5,710,515	7,396,635	7,540,854
Total assets	6,719,900	3,714,637	6,284,491	6,265,240	13,004,391	9,979,877
Long-term liabilities outstanding	3,819,975	1,020,824	-	-	3,819,975	1,020,824
Other liabilities	414,951	209,084	60,663	55,457	475,614	264,541
Total liabilities	4,234,926	1,229,908	60,663	55,457	4,295,589	1,285,365
Net assets						
Invested in capital assets, net of related debt	1,783,934	1,830,339	5,612,701	5,710,515	7,396,635	7,540,854
Restricted	3,365,145	629,241	-	-	3,365,145	629,241
Unrestricted	(2,664,105)	25,149	611,127	499,268	(2,052,978)	524,417
Total net assets	\$ 2,484,974	\$ 2,484,729	\$ 6,223,828	\$ 6,209,783	\$ 8,708,802	\$ 8,694,512

PERE MARQUETTE CHARTER TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

as of December 31, 2004

Following is a summary of the Statement of Activities.

	Governmental activities		Business-type activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenues						
Charges for services	295,605	242,589	604,593	518,467	900,198	761,056
Operating grants and contributions	14,560	-	-	-	14,560	-
General revenues						
Property taxes	990,172	794,073	-	-	990,172	794,073
State shared revenue	150,211	178,981	-	-	150,211	178,981
Other	110,400	150,939	11,457	16,661	121,857	167,600
Total revenues	1,560,948	1,366,582	616,050	535,128	2,176,998	1,901,710
Expenses						
General government	786,838	674,385			786,838	674,385
Public safety	155,141	157,711			155,141	157,711
Public works	92,040	145,895			92,040	145,895
Health and welfare	9,500	9,500			9,500	9,500
Community and economic development	38,974	(8,735)			38,974	(8,735)
Recreation and culture	95,936	84,198			95,936	84,198
Capital outlay	11,500	14,726			11,500	14,726
Interest on long-term debt	69,196	73,682			69,196	73,682
Sewer			334,956	332,069	334,956	332,069
Water			267,051	279,231	267,051	279,231
Total expenses	1,259,125	1,151,362	602,007	611,300	1,861,132	1,762,662
Increase in net assets before transfers	301,823	215,220	14,043	(76,172)	315,866	139,048
Transfers	(301,578)	(303,829)		-	(301,578)	(303,829)
Increase in net assets	245	(88,609)	14,043	(76,172)	14,288	(164,781)
Net assets beginning of year	2,484,729	2,573,338	6,209,785	6,285,957	8,694,514	8,859,295
Net assets end of year	\$ 2,484,974	\$ 2,484,729	\$ 6,223,828	\$ 6,209,785	\$ 8,708,802	\$ 8,694,514

PERE MARQUETTE CHARTER TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

as of December 31, 2004

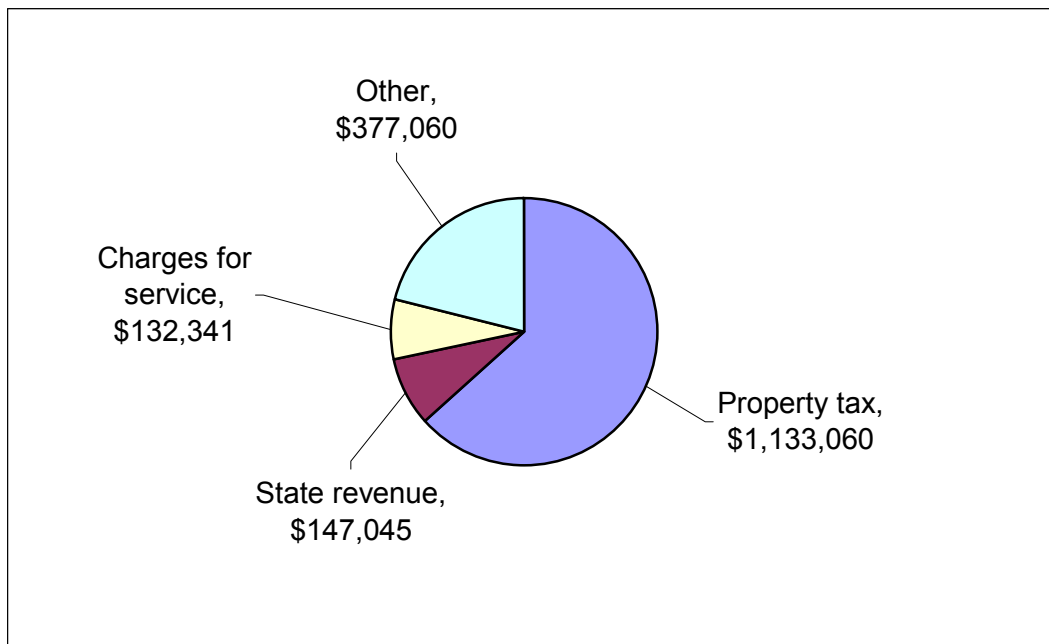
The Township as a whole

The Township's combined net assets increased by \$245 or 0.001% in 2004. Unrestricted net assets - the part that can be used to finance day to day operations - decreased by \$2,689,254 for governmental activities. This decrease resulted primarily from issuing \$2,980,000 of long-term debt for the construction of the First Street Business/Industrial Park. Long-term debt related to the governmental funds increased by \$2,807,797 from the prior year, reflecting bond payments made during the year and issuing bonds for the First Street Business/Industrial Park.

The Township as a whole has continued to maintain a solid financial base. The Township has bonded to finance construction of the First Street Business/Industrial Park. The sale of lots in the park will generate dollars for the Township and the diversified mix of technology-based businesses moving onto those lots are expected to create jobs which will justify higher wages and fringe benefits than the current community averages.

Governmental Activities

Revenue for Township operation is generated primarily from three sources: tax revenue, charges for services and permit fees, and State sources such as State revenue sharing and State grants, when awarded. The following chart illustrates the sources of the Townships revenue.



PERE MARQUETTE CHARTER TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

as of December 31, 2004

Tax revenue is calculated by multiplying the taxable value of a property by the levied millage rate. The current tax millage levy at 2.85 mills Tax revenue is calculated on each property by multiplying the taxable value by the levied millage rate. For example, a home with a taxable value of \$60,000 (x .00285 mills) would generate Township tax revenue of \$171. There are no special levies for services provided by the Township, i.e., major services such as curbside refuse and recycling are funded within the 2.85 millage levy. The levy remained at 2.35 mills for the years 1997 through 2003, increasing to 2.85 in 2004 due to declining revenues and increasing expenses of operation.

Total revenue in the general fund shows a modest increase of \$211,349, resulting mainly due to the increase in the levy

General Fund expenditures amounted to \$43,332 less than the previous year. This decrease is the result of controlling employee expenses particularly in General Government, Public Works and Recreation and Culture. Township departments generally were able to stay within and below budgeted numbers on expenditures. Budget status reports are reviewed by each department monthly so that they can evaluate and monitor expenditures.

Business-type Activities

The Township's business-type activities consist of the Water and Sewer Funds. The Township contracts with the City of Ludington for the purchase of water, and for sewage treatment service. The Township has increased the capability of this service throughout the past 20 years by installing additional water mains and sewage collection systems each year as funds allow. Construction of the systems has been funded by special assessment and general obligation bonds, bonds issued by the Hamlin/Pere Marquette Water and Sewer Authority, and smaller projects funded by the water and/or sewer funds. User connection fees are utilized to pay a portion of the yearly bond payments.

Operation of the water and sewer systems, including the purchase of water and sewage treatment by the City of Ludington, is paid through user fees based upon the amount of metered water used. A comparison of revenues and expenditures is evaluated at least every two years to determine whether rates are providing the necessary revenue to meet expenses of the system. The last water rate increase went into effect for the quarter beginning July 1, 2003. The last sewer rate increase went into effect for the quarter beginning October 1, 2004.

PERE MARQUETTE CHARTER TOWNSHIP

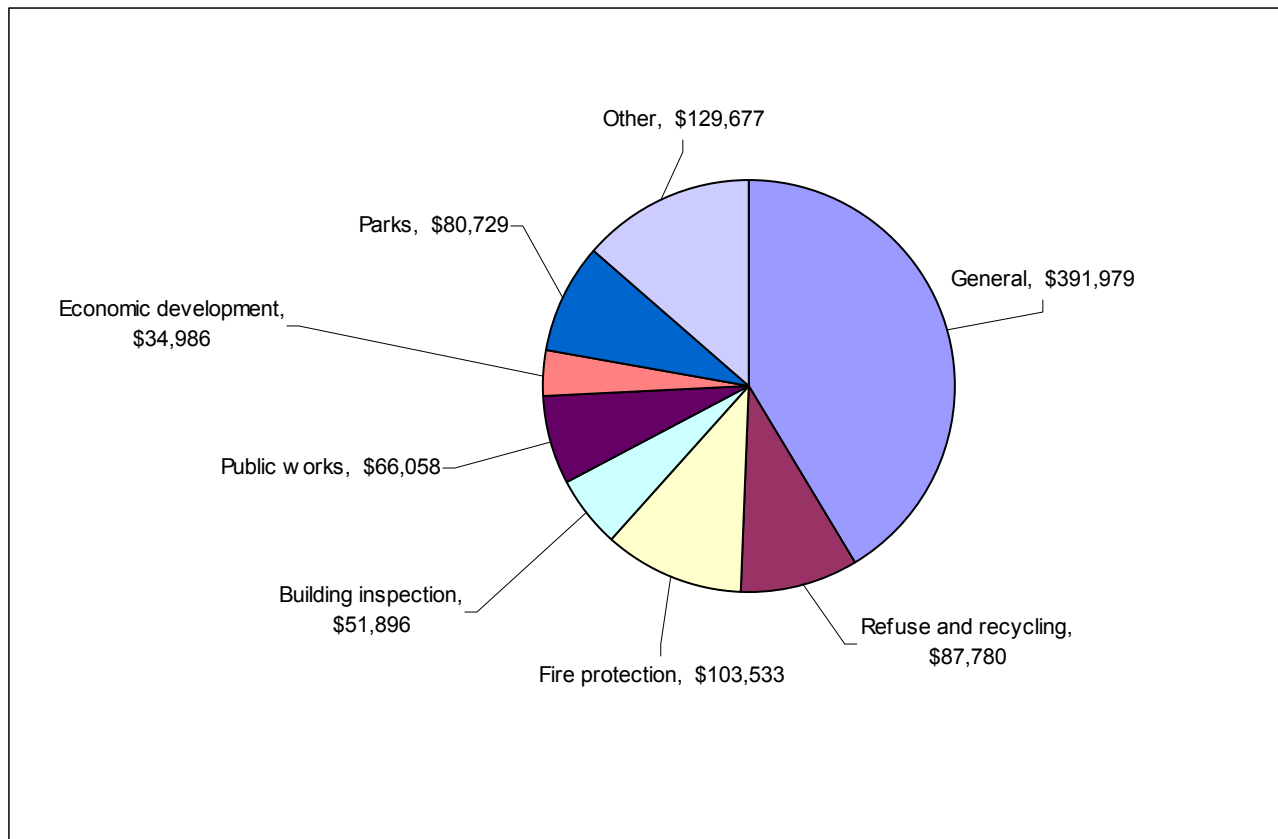
MANAGEMENT'S DISCUSSION AND ANALYSIS

as of December 31, 2004

The Township's Funds

Analysis of the Township's major funds begins on page 14, following the entity wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for various activities. The Township's major funds for 2004 include the General Fund, the General Obligation-Debt Service Fund, the Riverview/Riviera Debt Service Fund, the 2004 General Obligation Debt Service Fund, the 2004 Capital Improvement Fund, and the Sewer and Water Funds.

The General Fund pays for most of the Township's governmental services. The most significant are fire department, park and recreation department, department of public works, curbside refuse and recycling collection, and building/zoning departments. These services are provided by a combination of general tax collection and user fees. The chart below illustrates how expenditures were allocated to various services in 2004.



PERE MARQUETTE CHARTER TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

as of December 31, 2004

Revenue and expense of the General Obligation-Debt Retirement Fund and the various Special Assessment Funds are directly reflective of the payment of bonds for funds borrowed for the installation of water and sewer service lines.

The 2004 General Obligation/Capital Improvement Fund was created in 2004 to account for the payment of debt incurred on the sale of bonds to be used to match a US Department of Commerce, Economic Development Administration Grant for the development of the First Street Business/Industrial Park, construction of an elevated water tower, and installation of two municipal water wells.

The Construction Fund was activated in 2004 to receive the proceeds from the sale of the 2004 Capital Improvement bonds and to account for revenue and expenditures associated with the construction of the First Street Business/Industrial Park, water tower and municipal well project.

The Capital Improvement Fund is utilized to set aside and purchase and/or replace equipment or make major improvements or additions to Township assets.

The Industrial Park Fund is utilized to account for the costs of construction, improvement and operation of the Township's two industrial park sites, as well as to account for the revenue from sale of industrial sites and funds received from grant sources.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. The most significant changes were amendments to recognize revenue from the receipt of a Homeland Security Grant for firefighter equipment, and to budget revenue and expenses from the sale of bonds for the First Street Business/Industrial Park project.

Capital Asset and Debt Administration

At the end of 2004, the Township had \$7,396,635 invested in a broad range of capital assets, including buildings, park improvements, police and fire equipment, industrial park property, and water and sewer lines. In addition, the Township has invested significantly in roads within the Township. Road assets are not reported in the Township's financial statements because of Michigan law, which makes these roads the property of the Mason County Road Commission (along with the responsibility to maintain them.)

PERE MARQUETTE CHARTER TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS

as of December 31, 2004

Economic Factors and Next Year's Budgets and Rates

Due to the financial constraints currently felt by the State of Michigan, it is very likely that revenue sharing to local governments will decrease even more in 2005 and 2006. Fees for services are not expected to increase and revenue from building permit fees is expected to remain low in 2005. Rates for water and sewer usage will be evaluated in 2005 and an increase in rates is possible. If rates are increased by the City of Ludington, it will be necessary to increase rates charged to Township users by a like amount.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Clerk's office as follows:

1699 S. Pere Marquette Highway
Ludington, MI 49431
phone: (231) 845-1277
email: pmclerk@peremarquettetwp.org
website: www.peremarquettetwp.org

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Pere Marquette Charter Township

Mason County, Michigan

Statement of Net Assets

For the year ended December 31, 2004

	Governmental activities	Business type activities	Total	Component units
GOVERNMENTAL ASSETS				
Cash and cash equivalents	\$ 1,125,748	\$ 485,709	\$ 1,611,457	\$ 3,597
Investments	2,500,409	-	2,500,409	-
Receivables (net)	1,305,503	178,283	1,483,786	-
Inventories	-	7,798	7,798	-
Due from other funds	4,306	-	4,306	-
Capital assets - net	1,783,934	5,612,701	7,396,635	2,620,726
TOTAL ASSETS	\$ 6,719,900	\$ 6,284,491	\$ 13,004,391	\$ 2,624,323
GOVERNMENTAL LIABILITIES				
Accounts payable	\$ 13,051	\$ 60,663	\$ 73,714	\$ -
Accrued and other liabilities	22,916	-	22,916	56,705
Deferred revenue	198,143	-	198,143	-
Due within one year	180,841	-	180,841	220,000
Due in more than one year	3,819,975	-	3,819,975	1,275,000
TOTAL LIABILITIES	4,234,926	60,663	4,295,589	1,551,705
GOVERNMENTAL NET ASSETS				
Restricted				
Debt service	533,912	-	533,912	(53,108)
Capital projects	2,827,125	-	2,827,125	-
Right of way improvements	4,108	-	4,108	-
Invested in capital assets	1,783,934	5,612,701	7,396,635	1,125,726
Unrestricted	(2,664,105)	611,127	(2,052,978)	-
TOTAL NET ASSETS	2,484,974	6,223,828	8,708,802	1,072,618
TOTAL LIABILITIES AND NET ASSETS	\$ 6,719,900	\$ 6,284,491	\$ 13,004,391	\$ 2,624,323

Pere Marquette Charter Township

Mason County, Michigan

Statement of Activities

For the year ended December 31, 2004

Functions/Programs	Expenses	Charges for services
<u>PRIMARY GOVERNMENT EXPENSES</u>		
General government	\$ 786,838	\$ 155,010
Public safety	155,141	21,385
Public works	92,040	32,490
Health and welfare	9,500	-
Community and economic development	38,974	631
Recreation and culture	95,936	86,089
Capital outlay	11,500	-
Interest on long-term debt	69,196	-
Total Governmental activities	1,259,125	295,605
<u>BUSINESS TYPE EXPENSES</u>		
Sewer	334,956	369,543
Water	267,051	235,050
Total Business type activities	602,007	604,593
Total Primary government	1,861,132	900,198
<u>COMPONENT UNIT EXPENSES</u>		
Hamlin/Pere Marquette Water and Sewer Authority	\$ 111,572	\$ -
<u>General Revenues</u>		
Property taxes		
State-shared revenue		
Unrestricted investment income		
Rent and contracts		
Fines and forfeitures		
Capital contributions		
Miscellaneous		
Transfers		
Total general revenues - special items and transfers		
Change in net assets		
Net assets at beginning of year		
Net assets at end of year		

Operating grants and contributions	Governmental activities	Business-type activities	Total	Component units
\$ -	\$ (631,828)	\$	\$ (631,828)	
14,560	(119,196)		(119,196)	
-	(59,550)		(59,550)	
-	(9,500)		(9,500)	
-	(38,343)		(38,343)	
-	(9,847)		(9,847)	
-	(11,500)		(11,500)	
-	(69,196)		(69,196)	
14,560	(948,960)		(948,960)	
-		34,587	34,587	
-		(32,001)	(32,001)	
-		2,586	2,586	
14,560	(948,960)	2,586	(946,374)	
\$ -			\$ (111,572)	
	990,172	-	990,172	-
	150,211	-	150,211	-
	25,114	10,078	35,192	-
	1,275	-	1,275	-
	1,367	-	1,367	-
	-	1,250	1,250	-
	82,644	129	82,773	10
	(301,578)	-	(301,578)	301,578
	949,205	11,457	960,662	301,588
	245	14,043	14,288	190,016
	2,484,729	6,209,785	8,694,514	882,602
\$	2,484,974	\$ 6,223,828	\$ 8,708,802	\$ 1,072,618

Pere Marquette Charter Township

Mason County, Michigan

Governmental Funds

Balance Sheet

December 31, 2004

	General Fund	General Obligation Debt Service Fund	Riverview/Riviera Debt Service Fund
ASSETS			
Cash and cash equivalents	\$ 279,064	\$ 7,378	\$ 270,860
Investments	-	-	-
Taxes receivable	1,043,069	-	-
Accounts receivable	50,545	-	-
Special assessments receivable	-	42,175	129,088
Interest receivable	-	3,475	8,740
Due from other funds	-	2,296	-
TOTAL ASSETS	\$ 1,372,678	\$ 55,324	\$ 408,688
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 13,051	\$ -	\$ -
Deferred revenue	-	42,175	129,088
TOTAL LIABILITIES	13,051	42,175	129,088
FUND BALANCES			
Reserved for			
Debt service	-	13,149	279,600
Capital outlay	-	-	-
Right of way improvements	-	-	-
Unreserved	1,359,627	-	-
TOTAL FUND BALANCES	1,359,627	13,149	279,600
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,372,678	\$ 55,324	\$ 408,688

2004 General				
Obligation Debt	Industrial Park	Nonmajor		
Service Fund	Construction Fund	Funds		Total
\$ 229,828	\$ 119,266	\$ 219,352	\$	1,125,748
-	2,500,409	-		2,500,409
-	-	-		1,043,069
-	-	-		50,545
-	-	28,890		200,153
-	-	1,531		13,746
-	-	-		2,296
\$ 229,828	\$ 2,619,675	\$ 249,773	\$	4,935,966
\$ -	\$ -	\$ -	\$	13,051
-	-	26,880		198,143
-	-	26,880		211,194
229,828	-	11,335		533,912
-	2,619,675	207,450		2,827,125
-	-	4,108		4,108
-	-	-		1,359,627
229,828	2,619,675	222,893		4,724,772
\$ 229,828	\$ 2,619,675	\$ 249,773	\$	4,935,966

Pere Marquette Charter Township

Mason County, Michigan

Reconciliation of Fund Balance of Governmental Funds to the Net Assets of Governmental Activities on the Statement of Net Assets

For the year ended December 31, 2004

Total fund balances - total governmental funds	\$	4,724,772
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Capital assets at cost	2,603,295
Accumulated depreciation	(819,361)
Net capital assets	1,783,934

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Balances at December 31, 2004 were:

Bonds payable	(4,000,816)
Accrued interest on bonds	(22,916)
Net assets of governmental activities	\$ 2,484,974

Pere Marquette Charter Township

Mason County, Michigan

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

For the year ended December 31, 2004

	General Fund	General Obligation Debt Service Fund	Riverview/Riviera Debt Service Fund
REVENUE			
Property taxes	\$ 1,133,060	\$ -	\$ -
Federal grants	14,560	-	-
State grants	147,045	-	-
Intergovernmental	-	-	-
Licenses and permits	22,740	-	-
Fines and forfeitures	1,367	-	-
Charges for services	104,726	27,615	-
Interest and rentals	16,402	175	3,533
Other revenue	18,653	10,777	40,354
Reimbursements	-	-	-
TOTAL REVENUE	1,458,553	38,567	43,887
EXPENDITURES			
General government	479,759	-	-
Public safety	155,429	-	-
Department of public works	66,058	-	-
Community and economic development	34,986	-	-
Recreation and culture	80,729	-	-
Other governmental functions	129,677	-	-
Debt service	-	163,108	64,335
Capital outlay	-	-	-
TOTAL EXPENDITURES	946,638	163,108	64,335
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	511,915	(124,541)	(20,448)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	398,537	-
Bond proceeds	-	-	-
Transfers out	(397,137)	(299,978)	-
Prior period adjustments	-	(5,512)	(20,621)
TOTAL OTHER FINANCING SOURCES (USES)	(397,137)	93,047	(20,621)
NET CHANGE IN FUND BALANCES	114,778	(31,494)	(41,069)
FUND BALANCES, BEGINNING OF YEAR	1,244,849	44,643	320,669
FUND BALANCES, END OF YEAR	\$ 1,359,627	\$ 13,149	\$ 279,600

2004 GO-CAP				
Improvement	Industrial Park	Nonmajor		
Fund	Construction Fund	Funds		Total
\$ -	\$ -	\$ -	\$	1,133,060
-	-	-		14,560
-	-	-		147,045
-	-	3,166		3,166
-	-	-		22,740
-	-	-		1,367
-	-	-		132,341
1,269	2,343	2,667		26,389
228,559	-	9,295		307,638
-	-	1,200		1,200
229,828	2,343	16,328		1,789,506
-	-	-		479,759
-	-	-		155,429
-	-	-		66,058
-	-	-		34,986
-	-	-		80,729
-	-	-		129,677
-	-	12,210		239,653
-	41,886	34,789		76,675
-	41,886	46,999		1,262,966
229,828	(39,543)	(30,671)		526,540
-	-	-		398,537
-	2,659,218	-		2,659,218
-	-	(3,000)		(700,115)
-	-	(7,366)		(33,499)
-	2,659,218	(10,366)		2,324,141
229,828	2,619,675	(41,037)		2,850,681
-	-	263,930		1,874,091
\$ 229,828	\$ 2,619,675	\$ 222,893	\$	4,724,772

Pere Marquette Charter Township

Mason County, Michigan

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the year ended December 31, 2004

Net change in fund balances - total governmental funds	\$	2,850,681
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital outlay added to capital assets.	45,749
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(2,980,000)
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Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets	172,203
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Some expense reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Depreciation	(92,154)
Accrued interest	3,766

Change in net assets of government activities	\$	245
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Pere Marquette Charter Township

Mason County, Michigan

Proprietary Funds

Statement of Net Assets

December 31, 2004

	Sewer Fund	Water Fund	Total
ASSETS			
Current assets			
Cash	\$ 373,956	\$ 111,753	\$ 485,709
Accounts receivable	82,297	35,808	118,105
Special assessments receivable	44,744	15,434	60,178
Inventory	615	7,183	7,798
Total current assets	501,612	170,178	671,790
Noncurrent assets			
Capital assets	3,271,627	2,341,074	5,612,701
TOTAL ASSETS	\$ 3,773,239	\$ 2,511,252	\$ 6,284,491
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current liabilities			
Accounts payable	\$ 38,437	\$ 22,226	\$ 60,663
NET ASSETS			
Invested in capital assets - net of related debt	3,271,627	2,341,074	5,612,701
Undesignated	463,175	147,952	611,127
TOTAL NET ASSETS	3,734,802	2,489,026	6,223,828
TOTAL LIABILITIES AND NET ASSETS	\$ 3,773,239	\$ 2,511,252	\$ 6,284,491

Pere Marquette Charter Township

Mason County, Michigan

Proprietary Funds

Statement of Revenue, Expenses and Changes in Net Assets

For the year ended December 31, 2004

	Sewer Fund	Water Fund	Total
OPERATING REVENUE			
Sales	\$ 353,615	\$ 212,041	\$ 565,656
Penalty and interest charges	2,615	737	3,352
Installation and other charges	13,162	22,272	35,434
Reimbursements	151	-	151
TOTAL OPERATING REVENUE	369,543	235,050	604,593
OPERATING EXPENSES			
Personal services	63,749	63,750	127,499
Contractual services	164,099	130,215	294,314
Utilities	8,831	1,439	10,270
Repairs and maintenance	8,893	3,211	12,104
Other	10,313	13,019	23,332
Depreciation	79,071	55,417	134,488
TOTAL OPERATING EXPENSES	334,956	267,051	602,007
OPERATING INCOME (LOSS)	34,587	(32,001)	2,586
NONOPERATING REVENUE (EXPENSES)			
Interest on investments	7,992	2,086	10,078
Other income	129	-	129
TOTAL NONOPERATING REVENUES (EXPENSE)	8,121	2,086	10,207
Income (loss) before contributions and transfers	42,708	(29,915)	12,793
Capital contributions	-	1,250	1,250
CHANGE IN NET ASSETS	42,708	(28,665)	14,043
NET ASSETS, BEGINNING OF YEAR	3,692,094	2,517,691	6,209,785
NET ASSETS, END OF YEAR	\$ 3,734,802	\$ 2,489,026	\$ 6,223,828

Pere Marquette Charter Township

Mason County, Michigan

Proprietary Funds

Statement of Cash Flows

For the year ended December 31, 2004

	Sewer Fund	Water Fund	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers	\$ 349,141	\$ 243,920	\$ 593,061
Payments to suppliers	(188,281)	(146,885)	(335,166)
Payments to employees	(63,749)	(63,750)	(127,499)
Other receipts (Payments)	8,444	-	8,444
Change in special assessments	-	(2,576)	(2,576)
Net cash provided (used) by operating activities	105,555	30,709	136,264
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Capital contributions	-	1,250	1,250
Purchase of capital assets	(8,224)	(28,450)	(36,674)
Other receipts (payments)	129	-	129
Net cash provided (used) by capital and related financing activities	(8,095)	(27,200)	(35,295)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest and dividends	7,992	2,086	10,078
Net increase (decrease) in cash and cash equivalents	105,452	5,595	111,047
Balances - beginning of year	268,504	106,158	374,662
Balances - end of year	\$ 373,956	\$ 111,753	\$ 485,709
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>			
Operating income (loss)	\$ 34,587	\$ (32,001)	\$ 2,586
Adjustments to reconcile Operating income to net cash			
Provided (used) by operating activities			
Depreciation expense	79,071	55,417	134,488
Change in net assets and liabilities			
Receivables - net	(20,402)	8,870	(11,532)
Inventories	(41)	(311)	(352)
Accounts and other payables	8,444	1,310	9,754
Interest paid by customers	3,896	-	3,896
Change in special assessments	-	(2,576)	(2,576)
Net cash provided by operating activities	\$ 105,555	\$ 30,709	\$ 136,264

Pere Marquette Charter Township

Mason County, Michigan

Fiduciary Funds

Statement of Net Assets

For the year ended December 31, 2004

	Pension and Other Employee Benefit Fund Type	Agency Fund Type
ASSETS		
Cash and cash equivalents	\$ -	\$ 460,782
Investments - at fair value		
Other investments	788,350	-
TOTAL ASSETS	\$ 788,350	\$ 460,782
LIABILITIES		
Accounts payable	\$ -	\$ 100
Deposits payable	-	13,222
Due to other funds	-	122,308
Due to other governmental units	-	324,004
Refunds payable and others	-	587
TOTAL LIABILITIES	-	\$ 460,121
NET ASSETS	\$ 788,350	

Pere Marquette Charter Township

Mason County, Michigan

Fiduciary Funds

Statement of Changes in Net Assets

For the year ended December 31, 2004

	Pension and Other Employee Benefit Fund Type
<u>ADDITIONS</u>	
Contributions	
Employer	\$ 63,262
Total contributions	63,262
Net appreciation (depreciation) in fair value of investments	54,486
Less Investment expense	(595)
Net investment income	53,891
TOTAL ADDITIONS	117,153
<u>DEDUCTIONS</u>	
Benefits	1,316
CHANGE IN NET ASSETS	115,837
NET ASSETS, BEGINNING OF YEAR	672,513
NET ASSETS, END OF YEAR	\$ 788,350

NOTES TO FINANCIAL STATEMENTS

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Pere Marquette Charter Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Pere Marquette Charter Township:

A. Reporting Entity

Pere Marquette Charter Township is governed by an elected seven-member Board. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Discretely Presented Component Units

The Township is participant in the two-member Hamlin/Pere Marquette Water and Sewer Authority formed in 1990 under an interlocal agreement authorized by Act 233, Public Acts of Michigan, 1955, to establish and operate water and sewer systems. The members of the authority board are appointed by each government. Although the authority is legally separate from the Township, the authority is reported as if it were part of the primary government (discretely) because the operations of the facility are funded by and exclusively benefit the Township. Hamlin Township participates only to the extent of a legislative role. Complete financial statements of this component unit can be obtained from its administrative office at Hamlin/Pere Marquette Water and Sewer Authority, 1699 South Pere Marquette Highway, Ludington, MI 49431.

Jointly Governed Organization

The Township is also a participant in a joint venture, the Western Mason County Fire District Authority, with the City of Ludington and Hamlin Township. This authority is not considered to be a component unit of Pere Marquette Charter Township. Separate audit financial statements may be obtained from the Township Supervisor.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2004

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Pere Marquette Charter Township's property tax is levied on each December 1 on the taxable valuation of property (as defined by State statutes) located in Pere Marquette Charter Township as of the preceding December 31st.

Although Pere Marquette Charter Township's 2004 ad valorem tax is levied and collectible on December 1, 2004, it is Pere Marquette Charter Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2004 taxable valuation of Pere Marquette Charter Township totaled \$371,621,658, on which taxes levied consisted of the following:

		Mills levied		Raising
Ad valorem	\$	2.8500	\$	919,321
IFT		2.8500		69,900

These amounts are recognized in the General Fund financial statements as taxes receivable-current.

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2004

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

General Obligation Debt Service Fund accounts for special assessments and other sources for the retirement of long-term debt.

Riverview Special Assessment Debt Service Fund accounts for special assessments for the retirement of long-term debt.

2004 General Obligation Debt Service Fund accounts for the retirement of long-term debt related to the construction of the First Street Industrial Park.

2004 Construction Fund accounts for the bond proceeds and construction costs of the First Street Industrial Park.

The government reports the following major proprietary funds:

The Water Fund and the Sewer Fund account for the activities of the water distribution system and sewage collection system.

Additionally, the government reports the following fund types:

The pension trust fund accounts for the activities of the employees retirement system which accumulates resources for pension benefit payments to qualified employees.

The deferred compensation trust fund accounts for amounts withheld from employees' pay in accordance with the Internal Revenue Code section 457.

Trust and agency funds to account for property tax collected on behalf of other units and various deposits.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected to also follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2004

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water and sewer funds also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments--Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables--In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items--Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets--Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building improvements	15 to 30 years
Water and Sewer Lines	50 to 75 years
Vehicles	3 to 5 years
Office equipment	5 to 7 years
Computer equipment	3 to 7 years

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2004

Compensated Absences (Vacation and Sick Leave)--It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government.

Long-Term Obligations--In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity--In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Comparative Data/Reclassifications--Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2004

NOTE 2- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information--Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

The Township normally follows these procedures in establishing the budgetary data reflected in the financial statements:

On or before September 1, the Township supervisor submits to the Board, a proposed operating budget for the fiscal year commencing on January 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted at the Township hall to obtain taxpayer comments.

On or before December 31, the budget is adopted by resolution.

The transfer of budgeted amounts between departments within any fund or any revisions that alter the total expenditures of any fund must be approved by the Township Board.

Budgeted amounts are presented as originally adopted, or as amended by the Township Board before December 31. Individual amendments were not material in relation to the original appropriations which were amended.

Budgets as presented for the general and debt service funds are prepared on the modified accrual basis of accounting on the activity level. Encumbrances are not recorded at year end. Budget appropriations lapse at the end of each fiscal year.

Budgetary amounts reported herein are as originally adopted, or as amended by the Township Board throughout the operating year.

The Township legally adopts budgets for the General Fund, and Debt Service Funds.

Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles, and consist only of those amounts contained in the formal budget approved as amended by the Township Board.

The legal level of control is at the activity level of the General Fund, and at the fund expenditure totals for the Debt Service funds.

The Township Clerk is authorized to transfer budgeted amounts between accounts within the same department. Revisions that alter the total expenditures of any fund or total department expenditures must be approved by the Township Board.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2004

NOTE 3 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes Pere Marquette Charter Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Pere Marquette Charter Township Board has designated two banks for the deposit of Local Unit funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

Pere Marquette Charter Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental activities	Business-Type activities	Fiduciary Funds	Total Primary Government	Component Units
Cash and cash equivalents	\$ 1,125,748	\$ 485,709	\$ 460,782	\$ 2,072,239	\$ 3,597
Investments	2,500,409	-	788,350	3,288,759	-
Total	\$ 3,626,157	\$ 485,709	\$ 1,249,132	\$ 5,360,998	\$ 3,597

The bank balance of the Township's deposits is \$2,019,569, of which \$200,000 is covered by federal depository insurance and \$1,819,569 is uninsured and uncollateralized. The component units' deposits had a bank balance of \$3,597 of which \$3,597 was covered by federal depository insurance and \$0 was uninsured and uncollateralized.

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2004

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by Pere Marquette Charter Township or its agent in the Township's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in Pere Marquette Charter Township's name.

At year-end, the Township's investment balances were categorized as follows:

	Uncategorized - Reported amount (Fair Value)
Investments not subject to categorization	
Oppenheimer & Company	\$ 2,500,409
ING Life Insurance and Annuity	505,419
AIG Sun America	282,931
Total Primary Government	\$ 3,288,759

NOTE 4 - RECEIVABLES

Receivables as of year-end for the Township's individual major and nonmajor funds including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	General Obligation Debt Service Fund	Riverview/ Riviera Debt Service Fund	Linlook Debt Service Fund	Jebavy Debt Service Fund	Total
Taxes receivable	\$ 1,043,069	\$ -	\$ -	\$ -	\$ -	\$ 1,043,069
Accounts	50,545	-	-	-	-	50,545
Special Assessments	-	42,175	129,088	21,486	7,404	200,153
Net Receivables	\$ 1,093,614	\$ 42,175	\$ 129,088	\$ 21,486	\$ 7,404	\$ 1,293,767

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Special assessments	\$ -	\$ 198,143

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2004

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

Governmental Activities	Balance January 1, 2004	Additions	Disposals	Balance December 31, 2004
Assets not being depreciated	\$ 283,267	\$	\$	\$ 283,267
Capital assets being depreciated:				
Buildings	1,724,240			1,724,240
Land improvements	352,125			352,125
Equipment	197,914	45,749		243,663
Subtotal	2,274,279	45,749		2,320,028
Accumulated depreciation:				
Buildings	540,074	43,325		583,399
Land improvements	64,625	14,548		79,173
Equipment	122,508	34,281		156,789
Subtotal	727,207	92,154		819,361
Net capital assets being depreciated	1,547,072	(46,405)		1,500,667
Net capital assets	\$ 1,830,339	\$ (46,405)	\$	\$ 1,783,934

Business-Type Activities	Balance January 1, 2004	Additions	Disposals	Balance December 31, 2004
Assets not being depreciated	\$ 8,969	\$	\$	\$ 8,969
Capital assets being depreciated:				
Mains	6,697,972	24,156		6,722,128
Equipment	186,841	12,518		199,359
Pumping stations	275,375			275,375
Subtotal	7,160,188	36,674		7,196,862
Accumulated depreciation:				
Mains	1,216,267	116,897		1,333,164
Equipment	111,968	14,063		126,031
Pumping stations	130,407	3,528		133,935
Subtotal	1,458,642	134,488		1,593,130
Net capital assets being depreciated	5,701,546	(97,814)		5,603,732
Net capital assets	\$ 5,710,515	\$ (97,814)	\$	\$ 5,612,701

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2004

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:

General government	\$	38,827
Public safety		17,889
Public works		16,243
Community and economic development		3,988
Recreation and culture		15,207
Total governmental activities	\$	92,154

Business-Type activities:

Sewer	\$	79,071
Water		55,417
Total Business-Type activities	\$	134,488

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

	Transfers Out					Total
	Transfers In	General Fund	Jebavy Debt Service Fund	Obligation Debt Service Fund	General	
General Obligation Debt Service Fund	\$	395,537	\$	3,000	\$	398,537
Hamlin-Pere Marquette Water and Sewer Authority		1,600	-		299,978	301,578
Total	\$	397,137	\$	3,000	\$	700,115

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2004

NOTE 7 - LONG-TERM DEBT

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. Contractual agreements and installment purchase agreements are also general obligations of the Township. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

Bond and contractual obligation activity can be summarized as follows:

	Balance			Balance		
	January 1, 2004	Additions	Reductions	December 31, 2004	Due within one year	
Township Bonds Payable	\$ 1,193,019	\$ 2,980,000	\$ 172,203	\$ 4,000,816	\$ 180,841	
Hamlin/Pere Marquette Water and Sewer Bonds Payable	1,705,000		210,000	1,495,000	220,000	
Totals	\$ 2,898,019	\$ 2,980,000	\$ 382,203	\$ 5,495,816	\$ 400,841	

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2004

Annual debt service requirements to maturity for the above obligations are as follows:

December 31,	Bonds Payable		
	Principal	Interest	Total
2005	\$ 400,841	\$ 234,838	\$ 635,679
2006	320,655	226,867	547,522
2007	324,671	209,136	533,807
2008	323,890	191,760	515,650
2009	378,469	173,753	552,222
2010	273,820	156,050	429,870
2011	198,470	143,966	342,436
2012	200,000	133,656	333,656
2013	205,000	124,847	329,847
2014	220,000	115,392	335,392
2015	220,000	105,422	325,422
2016	225,000	95,184	320,184
2017	205,000	86,102	291,102
2018	210,000	78,321	288,321
2019	220,000	69,984	289,984
2020	230,000	60,984	290,984
2021	240,000	51,464	291,464
2022	275,000	40,872	315,872
2023	275,000	29,356	304,356
2024	275,000	17,669	292,669
2025	275,000	5,913	280,913
Totals	\$ 5,495,816	\$ 2,351,536	\$ 7,847,352

Long-term debt of Hamlin/Pere Marquette Water and Sewer Authority is included as Township debt because the Township has provided its backing on the authority bonds.

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2004

NOTE 8 - SEGMENT INFORMATION

The Township operates two funds which provide sewage and water services. Summary financial information for the sewer department is presented below:

Condensed Statement of Net Assets

	Sewer Fund	Water Fund
Assets		
Current assets	\$ 501,612	\$ 170,178
Capital assets	3,271,627	2,341,074
Total Assets	3,773,239	2,511,252
Liabilities		
Current liabilities	38,437	22,226
Total Liabilities	38,437	22,226
Net Assets		
Invested in capital assets	3,271,627	2,341,074
Unrestricted	463,175	147,952
Total Net Assets	\$ 3,734,802	\$ 2,489,026

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2004

Condensed Statement of Revenue, Expenses, and Changes in Net Assets

	Sewer Fund	Water Fund
Charges	\$ 369,543	\$ 235,050
Depreciation	79,071	55,417
Other operating expenses	255,885	211,634
Operating income	34,587	(32,001)
Nonoperating revenue (expense)		
Investment earnings	7,992	2,086
Miscellaneous expense	129	-
Capital contributions	-	1,250
Total nonoperating revenue and expenses	8,121	3,336
Changes in net assets	42,708	(28,665)
Beginning net assets	3,692,094	2,517,691
Ending net assets	\$ 3,734,802	\$ 2,489,026

Condensed Statement of Cash Flows

	Sewer Fund	Water Fund
Net cash provided by (used in)		
Operating activities	\$ 105,555	\$ 30,709
Capital and related financing activities	(8,095)	(27,200)
Investing activities	7,992	2,086
Net increase (decrease) in cash	105,452	5,595
Beginning cash and cash equivalents	268,504	106,158
Ending cash and cash equivalents	\$ 373,956	\$ 111,753

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2004

NOTE 9 - RISK MANAGEMENT

Pere Marquette Charter Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. Pere Marquette Charter Township participates in the **Michigan Municipal Risk Management Authority** for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority, that it uses to pay claims up to the retention limits, the ultimate liability for those claims remains with Pere Marquette Charter Township.

The Michigan Municipal Risk Management Authority's State Pool program operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the Authority itself.

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS

The Township has no post-retirement benefit plans at this time other than its pension plan.

NOTE 11 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Defined Contribution Pension Plan

Pere Marquette Charter Township provides pension benefits to all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment (or other date). As established by (authority under which the pension obligation is established), Pere Marquette Charter Township contributes 6 percent of employees' base wages and employee contributions for each employee plus interest allocated to the employee's account are fully vested after 20 months of service.

Pere Marquette Charter Township's total payroll during the current year was \$481,565. The current year contribution was calculated based on covered payroll of \$377,620, resulting in an employer contribution of \$23,875.

Pere Marquette Charter Township

Mason County, Michigan

Notes to Basic Financial Statements

For the year ended December 31, 2004

NOTE 12 - DEFERRED COMPENSATION PLAN

The Pere Marquette Charter Township Board offers all Pere Marquette Charter Township employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plans were held in trust, (custodial account or annuity contract) as described in IRC Section 457 (g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof of the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in Pere Marquette Charter Township's financial statements.

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLE

During the year the Township changed its accounting for Special Assessments Receivable and Deferred Revenue. Previously the calculation was based on the schedule of receipts. Currently the Township calculates Special Assessments Receivable and Deferred Revenue on the actual receipts and the actual balances owed to the Township. This change resulted in the following prior period adjustments:

Fund	Amount
General Obligation Debt Service Fund	\$ 5,512
Riverview/Riviera Special Assessment Fund	20,621
Linlook Debt Service Fund	5,515
Jebavy Debt Service Fund	1,851

Combining and Individual Fund Statements and Schedules

Pere Marquette Charter Township

Mason County, Michigan

General fund

Balance Sheet

December 31, 2004

	2004	2003
ASSETS		
Cash	\$ 279,064	\$ 475,600
Taxes receivable	1,043,069	772,836
Accounts receivable	50,545	6,622
TOTAL ASSETS	\$ 1,372,678	\$ 1,255,058
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	\$ 13,051	\$ 10,146
Due to other funds	-	63
TOTAL LIABILITIES	13,051	10,209
FUND BALANCES		
Fund balance	1,359,627	1,244,849
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,372,678	\$ 1,255,058

Pere Marquette Charter Township

Mason County, Michigan

General Fund

Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended December 31, 2004

	Original budget	Final budget	Actual	Variance with final budget	2003
REVENUES					
Property Taxes					
Current real property taxes	\$ 705,616	\$ 857,456	\$ 857,449	\$ (7)	\$ 684,037
Current personal property taxes	52,900	61,721	61,941	220	50,908
Industrial facility tax	59,200	70,145	69,900	(245)	58,861
Penalties and interest on taxes	1,400	1,400	2,364	964	1,653
Property tax administration fee	128,000	136,883	141,406	4,523	131,907
Total Property Taxes	947,116	1,127,605	1,133,060	5,455	927,366
Federal Grants					
Homeland security fire department grant	-	75,870	14,560	(61,310)	-
State Grants					
State revenue sharing	173,727	153,000	147,045	(5,955)	159,016
Other state grants	-	-	-	-	19,073
Total State Grants	173,727	153,000	147,045	(5,955)	178,089
Licenses and Permits					
Non-business licenses and permits	75	75	55	(20)	62
Business licenses and permits	20,650	21,350	22,685	1,335	16,690
Fines and forfeitures	1,000	1,000	1,367	367	349
Charges for Services					
Services rendered	95,700	101,700	103,844	2,144	93,930
Fees	390	390	882	492	267
Total Charges for Services	96,090	102,090	104,726	2,636	94,197
Interest and Rentals					
Interest and dividends	35,000	25,000	15,127	(9,873)	24,515
Rent	1,500	1,500	1,275	(225)	700
Total Interest and Rentals	36,500	26,500	16,402	(10,098)	25,215
Other Revenue					
Reimbursements	15,000	15,000	15,668	668	4,144
Other	1,000	1,000	2,985	1,985	1,092
Total Other Revenue	16,000	16,000	18,653	2,653	5,236
TOTAL REVENUES	1,291,158	1,523,490	1,458,553	(64,937)	1,247,204

Pere Marquette Charter Township

Mason County, Michigan

General fund

Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

December 31, 2004

	Original budget	Final budget	Actual	Variance with final budget	2003
Expenditures					
General government	-	-	-	-	-
Township board	\$ 36,950	\$ 36,950	\$ 27,248	\$ 9,702	\$ 32,786
Supervisor	25,588	25,588	23,566	2,022	24,555
Superintendent	49,842	50,042	48,486	1,556	49,236
Administrator	9,054	20,054	12,788	7,266	9,934
Clerk	44,101	43,401	41,622	1,779	43,369
Audit	-	-	5,200	(5,200)	5,000
Board of review	1,750	1,750	1,075	675	1,232
Tax abatement review board	150	150	80	70	40
Treasurer	53,350	55,550	54,509	1,041	52,989
Assessor	64,105	68,087	66,119	1,968	64,831
Elections	6,670	6,670	4,831	1,839	3,424
Building and grounds	198,000	203,000	192,267	10,733	180,232
Cemetery	4,200	4,200	1,968	2,232	20,349
Total Expenditures	493,760	515,442	479,759	35,683	487,977
Public safety					
Fire department	100,600	187,900	103,533	84,367	95,038
Building inspection	54,254	54,254	51,896	2,358	47,381
Total Public safety	154,854	242,154	155,429	86,725	142,419
Department of public works					
Public works	52,230	54,180	46,728	7,452	49,723
Street lighting	23,300	23,300	19,330	3,970	19,386
Highways, streets and bridges	20,000	20,000	-	20,000	19,994
Total Department of public works	95,530	97,480	66,058	31,422	89,103
Community and economic development					
Planning	14,700	14,700	12,111	2,589	9,758
Zoning	26,990	27,390	22,875	4,515	23,753
Total Community and economic development	41,690	42,090	34,986	7,104	33,511
Recreation and culture					
Parks and recreation	81,700	87,700	80,729	6,971	107,331

Pere Marquette Charter Township

Mason County, Michigan

General fund

Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

December 31, 2004

	Original budget	Final budget	Actual	Variance with final budget	2003
Other governmental functions					
Employee fringe benefits	\$ -	\$ -	\$ 96,202	\$ (96,202)	\$ 97,994
Retirement	-	-	1,228	(1,228)	1,043
Social security	130,987	138,487	28,381	110,106	28,352
Unemployment insurance	-	-	3,427	(3,427)	1,421
Tax tribunal refunds	500	3,000	439	2,561	819
Total Other governmental functions	131,487	141,487	129,677	11,810	129,629
TOTAL EXPENDITURES	999,021	1,126,353	946,638	179,715	989,970
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	292,137	397,137	511,915	114,778	257,234
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers out	(292,137)	(397,137)	(397,137)	-	(361,739)
NET CHANGE IN FUND BALANCES	-	-	114,778	(282,359)	(104,505)
Fund balance at beginning of year	1,244,849	1,244,849	1,244,849	-	1,349,354
Fund balance at end of year	\$ 1,244,849	\$ 1,244,849	\$ 1,359,627	\$ (282,359)	\$ 1,244,849

Pere Marquette Charter Township

Mason County, Michigan

General Obligation Debt Service Fund

Balance Sheet

December 31, 2004

	2004	2003
<u>ASSETS</u>		
Cash	\$ 7,378	\$ 32,884
Special assessments receivable	42,175	51,112
Interest receivable	3,475	-
Due from other funds	2,296	-
TOTAL ASSETS	\$ 55,324	\$ 83,996
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES		
Deferred revenue	\$ 42,175	\$ 39,353
Fund balance		
Reserved for debt service	13,149	44,643
TOTAL LIABILITIES AND FUND BALANCES	\$ 55,324	\$ 83,996

Pere Marquette Charter Township

Mason County, Michigan

General Obligation Debt Service Fund

Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

December 31, 2004

	Original budget	Final budget	Actual	Variance with final budget	2003
REVENUE					
Fees	\$ 59,664	\$ 59,664	\$ 27,615	\$ (32,049)	\$ 21,669
Interest and dividends	750	750	175	(575)	282
Other	10,695	10,695	10,777	82	11,858
TOTAL REVENUE	71,109	71,109	38,567	(32,542)	33,809
EXPENDITURES					
Debt service					
Principal	112,226	112,226	112,131	95	107,781
Interest	50,285	50,285	50,377	(92)	56,493
Fees	800	800	600	200	600
TOTAL EXPENDITURES	163,311	163,311	163,108	203	164,874
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(92,202)	(92,202)	(124,541)	(32,339)	(131,065)
OTHER FINANCING SOURCES (USES)					
Transfers in	392,182	392,182	398,537	(6,355)	433,129
Transfers out	(299,980)	(299,980)	(299,978)	(2)	(302,315)
Prior period adjustments	-	-	(5,512)	(5,512)	-
TOTAL OTHER FINANCING SOURCES (USES)	92,202	92,202	93,047	(11,869)	130,814
NET CHANGE IN FUND BALANCES	-	-	(31,494)	(44,208)	(251)
Fund balance	44,643	44,643	44,643	-	44,894
Fund balance at end of year	\$ 44,643	\$ 44,643	\$ 13,149	\$ (44,208)	\$ 44,643

Pere Marquette Charter Township

Mason County, Michigan

Riverview/Riviera Special Assessments Fund

Balance Sheet

December 31, 2004

	2004	2003
<u>ASSETS</u>		
Cash	\$ 270,860	\$ 274,263
Special assessments receivable	129,088	188,183
Interest receivable	8,740	-
TOTAL ASSETS	\$ 408,688	\$ 462,446
<u>LIABILITIES AND FUND BALANCE</u>		
LIABILITIES		
Deferred revenue	\$ 129,088	\$ 141,776
FUND BALANCES		
Reserved for debt service	279,600	320,669
TOTAL LIABILITIES AND FUND BALANCES	\$ 408,688	\$ 462,445

Pere Marquette Charter Township

Mason County, Michigan

Riverview/Riviera Special Assessments Fund

Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

December 31, 2004

	Original budget	Final budget	Actual	Variance with final budget	2003
REVENUE					
Interest and dividends	\$ 3,500	\$ 3,500	\$ 3,533	\$ 33	\$ 2,304
Other	47,926	47,926	40,354	(7,572)	67,267
TOTAL REVENUE	51,426	51,426	43,887	(7,539)	69,571
EXPENDITURES					
Debt service					
Principal	50,000	50,000	50,000	-	55,000
Interest	13,910	13,910	13,910	-	16,980
Fees	425	425	425	-	425
TOTAL EXPENDITURES	64,335	64,335	64,335	-	72,405
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(12,909)	(12,909)	(20,448)	(7,539)	(2,834)
OTHER FINANCING SOURCES (USES)					
Prior period adjustments	-	-	(20,621)	(20,621)	-
NET CHANGE IN FUND BALANCES	(12,909)	(12,909)	(41,069)	(28,160)	(2,834)
Fund balance	320,669	320,669	320,669	-	323,503
Fund balance at end of year	\$ 307,760	\$ 307,760	\$ 279,600	\$ (28,160)	\$ 320,669

Pere Marquette Charter Township

Mason County, Michigan

2004 General Obligation Debt Service Fund

Balance Sheet

December 31, 2004

	<u>2004</u>
<u>ASSETS</u>	
Cash	\$ 229,828
<u>LIABILITIES AND FUND BALANCE</u>	
<u>FUND BALANCES</u>	
Reserved for debt service	\$ 229,828

Pere Marquette Charter Township

Mason County, Michigan

2004 General Obligation Debt Service Fund

Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

December 31, 2004

	Original budget	Final budget	Actual	Variance with final budget
REVENUE				
Interest and dividends	\$ -	\$ -	\$ 1,269	\$ 1,269
Other	-	230,000	228,559	(1,441)
TOTAL REVENUE	-	230,000	229,828	(172)
 NET CHANGE IN FUND BALANCES	-	230,000	229,828	(172)
 Fund balance	-	-	-	-
 Fund balance at end of year	\$ -	\$ 230,000	\$ 229,828	\$ (172)

Pere Marquette Charter Township

Mason County, Michigan

2004 Construction Fund

Balance Sheet

December 31, 2004

		2004
<u>ASSETS</u>		
Cash	\$	119,266
Investments		2,500,409
TOTAL ASSETS	\$	2,619,675
<u>LIABILITIES AND FUND EQUITY</u>		
FUND BALANCES		
Reserved for capital outlay	\$	2,619,675

Pere Marquette Charter Township

Mason County, Michigan

2004 Construction Fund

Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended December 31, 2004 with comparative actual amounts for 2003

	2004
REVENUE	
Interest and dividends	\$ 2,343
EXPENDITURES	
Capital outlay	41,886
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(39,543)
OTHER FINANCING SOURCES (USES)	
Bond proceeds	2,659,218
NET CHANGE IN FUND BALANCES	2,619,675
Fund balance beginning of year	-
Fund balance end of year	\$ 2,619,675

OTHER SUPPLEMENTAL INFORMATION

Pere Marquette Charter Township

Mason County, Michigan

Nonmajor Funds

Combining Balance Sheet

December 31, 2004

	Special Revenue Fund		Debt Service Funds	
	Metro Act Fund		Linlook Debt Service Fund	Jebavy Debt Service Fund
<u>ASSETS</u>				
Cash	\$	4,108	\$ 5,879	\$ 1,915
Special assessments receivable		-	21,486	7,404
Interest receivable		-	939	592
TOTAL ASSETS	\$	4,108	\$ 28,304	\$ 9,911
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Deferred revenue	\$	-	\$ 19,476	\$ 7,404
FUND BALANCES				
Reserved for				
Debt Service		-	8,828	2,507
Capital Projects		-	-	-
Right of way improvements		4,108	-	-
TOTAL FUND BALANCES		4,108	8,828	2,507
TOTAL LIABILITIES AND FUND BALANCES	\$	4,108	\$ 28,304	\$ 9,911

Capital Projects Funds			
Capital Improvement Fund	Industrial Park Construction Fund		Total
\$ 122,892	\$ 84,558	\$	219,352
-	-		28,890
-	-		1,531
\$ 122,892	\$ 84,558	\$	249,773

\$ -	\$ -	\$	26,880
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-	-		11,335
122,892	84,558		207,450
-	-		4,108
122,892	84,558		222,893
\$ 122,892	\$ 84,558	\$	249,773

Pere Marquette Charter Township

Mason County, Michigan

Nonmajor Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

December 31, 2004

	Special Revenue Fund	Debt Service Funds	
	Metro Act Fund	Linlook Debt Service Fund	Jebavy Debt Service Fund
<u>REVENUE</u>			
Intergovernmental	\$ 3,166	\$ -	\$ -
Interest and rents	44	58	32
Reimbursements	-	-	-
Other	-	6,351	2,444
TOTAL REVENUE	3,210	6,409	2,476
<u>EXPENDITURES</u>			
Capital outlay	-	-	-
Debt service			
Principal	-	10,000	-
Interest	-	2,010	-
Fees	-	200	-
TOTAL EXPENDITURES	-	12,210	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,210	(5,801)	2,476
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers out	-	-	(3,000)
Prior period adjustments	-	(5,515)	(1,851)
TOTAL OTHER FINANCING SOURCES (USES)	-	(5,515)	(4,851)
NET CHANGE IN FUND BALANCES	3,210	(11,316)	(2,375)
FUND BALANCES, BEGINNING OF YEAR	898	20,144	4,882
FUND BALANCES, END OF YEAR	\$ 4,108	\$ 8,828	\$ 2,507

Capital Projects Funds			
Capital Improvement Fund	Industrial Park Construction Fund	Total	
\$ -	\$ -	\$ 3,166	
1,621	912	2,667	
-	1,200	1,200	
-	500	9,295	
1,621	2,612	16,328	
9,739	25,050	34,789	
-	-	10,000	
-	-	2,010	
-	-	200	
9,739	25,050	46,999	
(8,118)	(22,438)	(30,671)	
-	-	(3,000)	
-	-	(7,366)	
-	-	(10,366)	
(8,118)	(22,438)	(41,037)	
131,010	106,996	263,930	
\$ 122,892	\$ 84,558	\$ 222,893	

Pere Marquette Charter Township

Mason County, Michigan

Metro Act Fund

Balance Sheet

December 31, 2004

	2004	2003
<u>ASSETS</u>		
Cash	\$ 4,108	\$ 898
<u>LIABILITIES AND FUND EQUITY</u>		
FUND BALANCES		
Fund balance	\$ 4,108	\$ 898

Pere Marquette Charter Township

Mason County, Michigan

Metro Act Fund

Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended December 31, 2004 with comparative actual amounts for 2003

	Original budget	Final budget	Actual	Variance with final budget	2003
REVENUE					
Intergovernmental	\$ 1,500	\$ 1,500	\$ 3,166	\$ 1,666	\$ 892
Interest and dividends	50	50	44	(6)	6
TOTAL REVENUE	1,550	1,550	3,210	1,660	898
 NET CHANGE IN FUND BALANCES	 1,550	 1,550	 3,210	 1,660	 898
 Fund balance beginning of year	 898	 898	 898	 -	 -
 Fund balance end of year	 \$ 2,448	 \$ 2,448	 \$ 4,108	 \$ 1,660	 \$ 898

Pere Marquette Charter Township

Mason County, Michigan

Linlook Special Assessment Fund

Balance Sheet

December 31, 2004

	2004	2003
ASSETS		
Cash	\$ 5,879	\$ 13,189
Special assessments receivable	21,486	25,919
Interest receivable	939	-
TOTAL ASSETS	\$ 28,304	\$ 39,108
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Deferred revenue	\$ 19,476	\$ 18,964
FUND BALANCES		
Reserved for debt service	8,828	20,144
TOTAL LIABILITIES AND FUND BALANCES	\$ 28,304	\$ 39,108

Pere Marquette Charter Township

Mason County, Michigan

Linlook Special Assessment Fund

Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended December 31, 2004 with comparative actual amounts for 2003

	Original budget	Final budget	Actual	Variance with final budget	2003
REVENUE					
Interest and dividends	\$ 250	\$ 250	\$ 58	\$ (192)	\$ 188
Other	6,618	6,618	6,351	(267)	6,853
TOTAL REVENUE	6,868	6,868	6,409	(459)	7,041
EXPENDITURES					
Debt service					
Principal	10,000	10,000	10,000	-	10,000
Interest	2,011	2,011	2,010	1	2,565
Fees	200	200	200	-	200
TOTAL EXPENDITURES	12,211	12,211	12,210	1	12,765
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,343)	(5,343)	(5,801)	(458)	(5,724)
OTHER FINANCING SOURCES (USES)					
Prior period adjustments	-	-	(5,515)	(5,515)	-
NET CHANGE IN FUND BALANCES	(5,343)	(5,343)	(11,316)	(5,973)	(5,724)
Fund balance beginning of year	20,144	20,144	20,144	-	25,868
Fund balance end of year	\$ 14,801	\$ 14,801	\$ 8,828	\$ (5,973)	\$ 20,144

Pere Marquette Charter Township

Mason County, Michigan

1993 Jebavy Debt Service Fund

Balance Sheet

December 31, 2004

		2004	2003
ASSETS			
Cash	\$	1,915	\$ 2,291
Special assessments receivable		7,404	9,996
Interest receivable		592	-
TOTAL ASSETS	\$	9,911	\$ 12,287
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Deferred revenue	\$	7,404	\$ 7,405
FUND BALANCES			
Fund balance		2,507	4,882
TOTAL LIABILITIES AND FUND BALANCES	\$	9,911	\$ 12,287

Pere Marquette Charter Township

Mason County, Michigan

1993 Jebavy Debt Service Fund

Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended December 31, 2004 with comparative actual amounts for 2003

	Original budget	Final budget	Actual	Variance with final budget	2003
REVENUE					
Interest and dividends	\$ 100	\$ 100	\$ 32	\$ (68)	\$ 106
Other	2,443	2,443	2,444	1	1,270
TOTAL REVENUE	2,543	2,543	2,476	(67)	1,376
OTHER FINANCING SOURCES (USES)					
Transfers out	(3,000)	(3,000)	(3,000)	-	(3,000)
Prior period adjustments	-	-	(1,851)	(1,851)	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,000)	(3,000)	(4,851)	(1,851)	(3,000)
NET CHANGE IN FUND BALANCES	(457)	(457)	(2,375)	(1,918)	(1,624)
Fund balance beginning of year	4,882	4,882	4,882	-	6,506
Fund balance end of year	\$ 4,425	\$ 4,425	\$ 2,507	\$ (1,918)	\$ 4,882

Pere Marquette Charter Township

Mason County, Michigan

Capital Projects Fund

Balance Sheet

December 31, 2004

	2004	2003
<u>ASSETS</u>		
Cash	\$ 122,892	\$ 675
<u>LIABILITIES AND FUND EQUITY</u>		
FUND BALANCES		
Reserved for capital outlay	\$ 122,892	\$ 131,010

Pere Marquette Charter Township

Mason County, Michigan

Capital Projects Fund

Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended December 31, 2004 with comparative actual amounts for 2003

	2004	2003
REVENUE		
Interest and dividends	\$ 1,621	\$ 1,864
EXPENDITURES		
Capital outlay	9,739	39,285
NET CHANGE IN FUND BALANCES	(8,118)	(37,421)
Fund balance beginning of year	131,010	168,431
Fund balance end of year	\$ 122,892	\$ 131,010

Pere Marquette Charter Township

Mason County, Michigan

Industrial Park Construction Fund

Balance Sheet

December 31, 2004

	2004	2003
<u>ASSETS</u>		
Cash	\$ 84,558	\$ 106,996
<u>LIABILITIES AND FUND EQUITY</u>		
FUND BALANCES		
Reserved for capital outlay	\$ 84,558	\$ 106,996

Pere Marquette Charter Township

Mason County, Michigan

Industrial Park Construction Fund

Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual

For the year ended December 31, 2004 with comparative actual amounts for 2003

	2004	2003
REVENUE		
Interest and dividends	\$ 912	\$ 1,921
Reimbursements	1,200	2,900
Other	500	-
TOTAL REVENUE	2,612	4,821
EXPENDITURES		
Capital outlay	25,050	72,840
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(22,438)	(68,019)
OTHER FINANCING SOURCES (USES)		
Transfers out	-	(62,482)
NET CHANGE IN FUND BALANCES	(22,438)	(130,501)
Fund balance beginning of year	106,996	237,497
Fund balance end of year	\$ 84,558	\$ 106,996

Long-term Debt Schedules

Pere Marquette Charter Township

Mason County, Michigan

Schedule of Bonded Debt

\$105,000 General Obligation Limited Tax Bonds

December 31, 2004

Year ended December 31,	Interest Rate	Principal	Interest	Total
2005	8.50%	\$ 9,000	\$ 1,257	10,257
2006	8.50%	10,000	435	10,435
Totals		\$ 19,000	\$ 1,692	20,692

Pere Marquette Charter Township

Mason County, Michigan
Schedule of Bonded Debt

\$825,000 System No. 1 Bonds - Hamlin/Pere Marquette Water & Sewer Authority
December 31, 2004

Year ended December 31,		Interest Rate	Principal		Interest		Total
2005	7.00%	\$	80,000	\$	2,800	\$	82,800
Totals		\$	80,000	\$	2,800	\$	82,800

Pere Marquette Charter Township

Mason County, Michigan

Schedule of Bonded Debt

\$420,000 System No. 2 Bonds - Hamlin/Pere Marquette Water & Sewer Authority

December 31, 2004

Year ended December 31,	Interest Rate	Principal	Interest	Total
2005	6.30%	\$ 40,000	\$ 6,746	\$ 46,746
2006	6.40%	40,000	4,206	44,206
2007	6.50%	45,000	1,463	46,463
Totals		\$ 125,000	\$ 12,415	\$ 137,415

Pere Marquette Charter Township

Mason County, Michigan

Schedule of Bonded Debt

\$135,000 Special Assessment Bonds

December 31, 2004

Year ended December 31,	Interest Rate	Principal	Interest	Total
2005	5.70%	\$ 10,000	\$ 1,445	\$ 11,445
2006	5.75%	10,000	873	10,873
2007	5.80%	5,000	441	5,441
2008	5.90%	5,000	148	5,148
Totals		\$ 30,000	\$ 2,907	\$ 32,907

Pere Marquette Charter Township

Mason County, Michigan

Schedule of Bonded Debt

\$980,000 System No. 3 Bonds - Hamlin/Pere Marquette Water & Sewer Authority

December 31, 2004

Year ended December 31,	Interest Rate	Principal	Interest	Total
2005	4.50%	\$ 75,000	\$ 17,437	\$ 92,437
2006	4.50%	80,000	13,950	93,950
2007	4.50%	85,000	10,238	95,238
2008	4.50%	90,000	6,300	96,300
2009	4.50%	95,000	2,137	97,137
Totals	\$	425,000	\$ 50,062	\$ 475,062

Pere Marquette Charter Township

Mason County, Michigan

Schedule of Bonded Debt

\$670,000 Special Assessment Limited Tax Bonds

December 31, 2004

Year ended December 31,	Interest Rate	Principal	Interest	Total
2005	6.00%	\$ 50,000	\$ 10,935	\$ 60,935
2006	6.10%	30,000	8,520	38,520
2007	6.20%	30,000	6,675	36,675
2008	6.30%	30,000	4,800	34,800
2009	6.40%	30,000	2,895	32,895
2010	6.45%	30,000	968	30,968
Totals		\$ 200,000	\$ 34,793	\$ 234,793

Pere Marquette Charter Township

Mason County, Michigan

Schedule of Bonded Debt

\$500,000 General Obligation Limited Tax Bonds

December 31, 2004

Year ended December 31,	Interest Rate	Principal	Interest	Total
2005	6.00%	\$ 40,000	\$ 15,690	\$ 55,690
2006	6.10%	40,000	13,270	53,270
2007	6.20%	45,000	10,655	55,655
2008	6.30%	45,000	7,842	52,842
2009	6.40%	50,000	4,825	54,825
2010	6.45%	50,000	1,613	51,613
Totals	\$	270,000	\$ 53,895	\$ 323,895

Pere Marquette Charter Township

Mason County, Michigan

Schedule of Bonded Debt

\$995,000 System No. 4 Bonds - Hamlin/Pere Marquette Water & Sewer Authority

December 31, 2004

Year ended December 31,	Interest Rate	Principal	Interest	Total
2005	5.40%	\$ 25,000	\$ 48,623	\$ 73,623
2006	5.50%	35,000	46,985	81,985
2007	5.55%	35,000	45,051	80,051
2008	5.60%	60,000	42,400	102,400
2009	5.60%	60,000	39,040	99,040
2010	5.65%	85,000	34,959	119,959
2011	5.65%	85,000	30,156	115,156
2012	5.70%	90,000	25,190	115,190
2013	5.75%	90,000	20,038	110,038
2014	5.80%	100,000	14,550	114,550
2015	5.80%	100,000	8,750	108,750
2016	5.85%	100,000	2,925	102,925
Totals		\$ 865,000	\$ 358,667	\$ 1,223,667

Pere Marquette Charter Township

Mason County, Michigan

Schedule of Bonded Debt

\$600,000 Title Retaining Installment Purchase Agreement

December 31, 2004

Year ended December 31,	Interest Rate	Principal	Interest	Total
2005	5.3875%	\$ 41,400	\$ 17,929	\$ 59,329
2006	5.3875%	43,631	15,698	59,329
2007	5.3875%	45,981	13,348	59,329
2008	5.3875%	48,459	10,871	59,330
2009	5.3875%	51,069	8,260	59,329
2010	5.3875%	53,820	5,509	59,329
2011	5.3875%	48,470	2,609	51,079
Totals	\$	332,830	\$ 74,224	\$ 407,054

Pere Marquette Charter Township

Mason County, Michigan

Schedule of Bonded Debt

\$300,000 Installment Purchase Agreement

December 31, 2004

Year ended December 31,	Interest Rate	Principal	Interest	Total
2005	5.20%	\$ 30,441	\$ 8,787	\$ 39,228
2006	5.20%	32,024	7,204	39,228
2007	5.20%	33,690	5,539	39,229
2008	5.20%	35,431	3,798	39,229
2009	5.20%	37,400	1,945	39,345
Totals	\$	168,986	\$ 27,273	\$ 196,259

Pere Marquette Charter Township

Mason County, Michigan

Schedule of Bonded Debt

\$2,980,000 2004 General Obligation Capital Improvement Bonds

December 31, 2004

Year ended December 31,	Interest Rate	Principal	Interest	Total
2005	2.50%	\$	\$ 103,189	103,189
2006	2.50%		115,726	115,726
2007	2.50%		115,726	115,726
2008	2.50%	10,000	115,601	125,601
2009	3.00%	55,000	114,651	169,651
2010	3.00%	55,000	113,001	168,001
2011	3.00%	65,000	111,201	176,201
2012	3.20%	110,000	108,466	218,466
2013	3.30%	115,000	104,809	219,809
2014	3.45%	120,000	100,842	220,842
2015	3.50%	120,000	96,672	216,672
2016	3.70%	125,000	92,259	217,259
2017	3.75%	205,000	86,102	291,102
2018	3.75%	210,000	78,321	288,321
2019	4.00%	220,000	69,984	289,984
2020	4.00%	230,000	60,984	290,984
2021	4.10%	240,000	51,464	291,464
2022	4.13%	275,000	40,872	315,872
2023	4.25%	275,000	29,356	304,356
2024	4.25%	275,000	17,669	292,669
2025	4.30%	275,000	5,913	280,913
Totals		\$ 2,980,000	\$ 1,732,808	\$ 4,712,808

AUDITORS' REPORTS

COMMUNICATION WITH AUDIT COMMITTEE OR ITS EQUIVALENT

To the Township Board
Pere Marquette Charter Township
Mason County, Michigan

We have audited the general purpose financial statements of Pere Marquette Charter Township, Mason County, Michigan for the year ended December 31, 2004, and have issued our report thereon dated April 7, 2005. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated February 23, 2005, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the general purpose financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Pere Marquette Charter Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

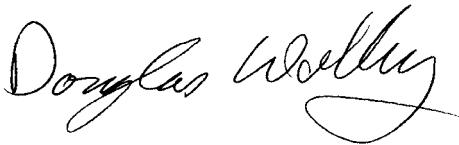
As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Pere Marquette Charter Township's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Pere Marquette Charter Township are described in Note 1 to the general purpose financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2004. We noted no transactions entered into by Pere Marquette Charter Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Township Board and management of Pere Marquette Charter Township and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg, CPA
Byron Center, Michigan
April 7, 2005

MANAGEMENT COMMENTS LETTER

To the Township Board
Pere Marquette Charter Township
Mason County, Michigan

In planning and performing our audit of the financial statements of Pere Marquette Charter Township for the year ended December 31, 2004, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements.

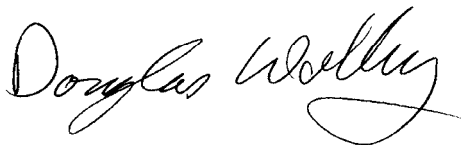
Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect Pere Marquette Charter Township's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no material weaknesses.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

This report is intended solely for the information and use of the Township Board, management, and others within the administration or the State of Michigan and is not intended to be and should not be used by anyone other than these specified parties.

These conditions were considered in determining the nature, timing, and extent of the audit tests applied in our audit of the December 31, 2004 financial statements, and this report does not affect our report on those financial statements dated April 7, 2005. We have not considered the internal control since the date of our report.



Douglas Wohlberg, CPA
Byron Center, Michigan
April 7, 2005

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Township Board
Pere Marquette Charter Township
Mason County, Michigan

We have audited the general purpose financial statements of Pere Marquette Charter Township, Mason County, Michigan as of and for the year ended December 31, 2004, and have issued our report thereon dated April 7, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

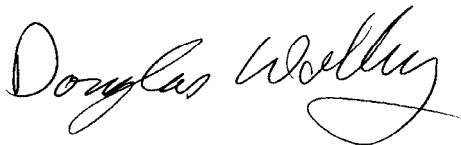
Compliance

As part of obtaining reasonable assurance about whether Pere Marquette Charter Township's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Pere Marquette Charter Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization, the Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Douglas Wohlberg, CPA
Byron Center, Michigan
April 7, 2005